

Message Text

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ACTION IO-14

INFO OCT-01 CIAE-00 CU-05 INR-11 NSAE-00 RSC-01 USIA-15

EUR-25 ISO-00 AF-10 ARA-16 EA-11 NEA-14 ABF-01 SP-03

AID-05 EB-12 NSC-07 CIEP-03 TRSE-00 SS-20 STR-08

OMB-01 CEA-02 L-03 H-03 PA-04 PRS-01 IOE-00 OIC-04

DRC-01 /201 W

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P 041702Z OCT 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 2915

UNCLAS SECTION 01 OF 04 PARIS 23480

NESCO

E.O. 11652: N/A

TAGS: AORG, OCON, UNESCO

SUBJECT: REPORT OF WORKING GROUP AND DRAFT UNESCO BUDGET

REF: PARIS 23420

1. FOLLOWING TEXT FINAL REPORT WORKING GROUP WITH DRAFT DR. BEGIN TEXT: THE WORKING GROUP HELD 15 MEETINGS FROM 18 SEPTEMBER TO 3 OCTOBER 1974. DOCUMENTS REFERRED TO BY THE MEMBERS WERE THE DRAFT PROGRAMME AND BUDGET FOR 1975-1976 PROPOSED BY THE DIRECTOR-GENERAL (DOCUMENT 18 C/5 REV.1) AND THE REPORT OF THE FINANCE AND ADMINISTRATIVE COMMISSION AT THE 94TH SESSION OF THE EXECUTIVE BOARD (DOCUMENT 94 EX/57, PART 1). THE WORKING GROUP FURTHER EXAMINED THE REVISED BUDGET FIGURES OF THE DIRECTOR-GENERAL WHICH WILL APPEAR AS DOCUMENT 18 C/5 REV. 2.

THE WORKING GROUP HELD DISCUSSIONS WITH THE DIRECTOR-GENERAL AND HIS COLLEAGUES, ON TWO OCCASIONS, AND WITH UNCLASSIFIED

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THE DEPUTY DIRECTOR-GENERAL, AND THE ASSISTANT DIR-

ECTORS-GENERAL AND THEIR PRINCIPAL COLLEAGUES IN TURN.

THE WORKING GROUP AGREED THAT ITS PRIMARY AIM, UNDER THE TERMS OF REFERENCE GIVEN TO IT BY THE BOARD, WAS TO HELP THE EXECUTIVE BOARD TO ARRIVE AT THE WIDEST CONSENSUS AND THUS TO SEEK THE WIDEST POSSIBLE AGREEMENT ON THE 18 C/5 BUDGET CEILING WHEN IT COMES BEFORE THE GENERAL CONFERENCE AT ITS EIGHTEENTH SESSION.

THE FOLLOWING WERE THE PRINCIPAL CONSIDERATIONS:

(I) THE ADDITIONS PROPOSED BY THE EXECUTIVE BOARD WITH RESPECT TO THE ACCELERATED USE OF CHINESE AND ARAB LANGUAGES AND TO THE EARLIER CREATION OF A POST FOR THE EXECUTIVE BOARD WOULD COST \$867,000 AT THE NEW RATE OF EXCHANGE;

(II) WHEREAS THE INFLATION RATE WOULD PROBABLY BE HIGHER THAN THE 12 PER ANNUM FORESEEN IN DOCUMENT 18 C/5, REV.1, THIS WAS LARGELY PROVIDED FOR, UNDER THE PRINCIPLE OF SEMI-FULL BUDGETING, BY THE PROVISION IN THE APPROPRIATION RESERVE AND SAVINGS ARISING FROM NATURAL EROSION OF THE PROGRAMME DURING THE BIENNIUM;

(III) MEANS SHOULD BE FOUND AS FAR AS POSSIBLE TO PROTECT THE PROGRAMME AND BUDGET, ONCE APPROVED BY THE GENERAL CONFERENCE, FROM ABNORMAL CHANGES IN THE RATES OF EXCHANGE OR IN THE RATE OF INFLATION;

(IV) NO PROVISION SHOULD BE MADE IN THE BUDGET CEILING FOR DRAFT RESOLUTIONS PROPOSED TO THE GENERAL CONFERENCE BY MEMBER STATES; THESE SHOULD BE DEALT WITH AS IN PREVIOUS YEARS;

(V) THE PRESENT MONETARY AND ECONOMIC CRISES REQUIRED SPECIAL EFFORTS BY UNESCO TO DEMONSTRATE ITS CONSCIOUSNESS OF THE NEED FOR FINANCIAL STRINGENCIES, ADAPTABILITY AND AT THE SAME TIME CONTINUED EFFICIENCY IN THE EXECUTION OF THE PROGRAMME.

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(VI) HOWEVER, THE PROGRAMME SET OUT IN 18 C/5 HAD ALREADY BEEN APPROVED BY THE BOARD AND RECOMMENDED IN 18 C/6 TO THE GENERAL CONFERENCE;

(VII) THE PROPOSAL FOR A CULTURE FUND WAS COSTED AT \$84,000;

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USIA-15 AF-10 ARA-16 EA-11 NEA-14 RSC-01 ABF-01 IOE-00

SP-03 AID-05 EB-12 NSC-07 CIEP-03 TRSE-00 SS-20

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(VIII) THE COST OF OBLIGATORY SALARY INCREASES TO GENERAL SERVICE STAFF (ALREADY IN EFFECT SINCE SEPTEMBER, AND NOT YET PROVIDED FOR) WAS \$969,000;

(IX) IT WAS PROBABLE THAT A 6 SALARY INCREASE FOR PROFESSIONAL STAFF WILL BE APPROVED BY THE UNITED NATIONS IN JANUARY 1975 AT A COST OF \$5.2 MILLION; AND AS THIS WILL ABSORB A SUBSTANTIAL PART OF THE APPROPRIATION RESERVE, IT WOULD INCREASE PRESSURE FOR SUPPLEMENTARY ESTIMATES.

MEMBERS MADE A NUMBER OF SUGGESTIONS, AND AFTER EXAMINATION OF THE IMPLICATIONS OF EACH, THE FOLLOWING ASSUMPTIONS EMERGED AS THE REQUIRED BASIS FOR ACHIEVING A CONSENSUS:

(A) THE BUDGET CEILING APPROVED BY THE GENERAL CONFERENCE SHOULD BE AS REALISTIC AS POSSIBLE AND

SHOULD THEREFORE BE BASED ON THE LATEST MONTHLY
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RATE OF EXCHANGE AVAILABLE APPLICABLE TO UNESCO
I.E. THAT AT 1 OCTOBER OF F.4.80 PER US DOLLAR;

(B) THE ADDITIONS PROPOSED BY THE EXECUTIVE BOARD,
AS WELL AS THE PROVISION FOR A CULTURE FUND, SHOULD
BE REFLECTED IN THE BUDGET CEILING; (WITH RES-
PECT TO THE POSSIBILITY OF CONVENING THE NINE-
TEENTH SESSION OF THE GENERAL CONFERENCE IN NAIROBI
KENYA, IT WAS SUGGESTED THAT, AS THE FINANCIAL
IMPLICATIONS OF THE PROPOSAL WERE STILL UNCERTAIN,
IT WOULD BE DIFFICULT TO ESTIMATE ANY ADDITIONAL
AMOUNT TO BE REFLECTED FOR THIS PURPOSE IN THE BUD-
GET CEILING. IN THE EVENT THAT THE GENERAL CON-
FERENCE DECIDES TO HOLD THE NINETEENTH SESSION IN
NAIROBI, IT COULD BE ASKED TO CREATE A SPECIAL
ACCOUNT TO WHICH WOULD BE CREDITED THE RELEVANT
PROVISIONS IN C/5, ANY GRANT FROM THE GOV. OF KENYA
AFTER NEGOTIATION WITH THE DIRECTOR-GENERAL, AND
ANY OTHER VOLUNTARY CONTRIBUTIONS).

(C) THE PROVISION FOR GENERAL SERVICE STAFF IN-
CREASES ALREADY IN FORCE SHOULD BE INCLUDED IN THE
CEILING;

(D) THE GROWTH RATE OF 5.9 SHOULD BE REDUCED TO
3;

(E) IN ORDER TO SAFEGUARD THE BUDGET FROM FUTURE
DEVALUATION OR ABNORMAL INFLATION AND TO MINIMIZE
THE POSSIBLE NEED TO CONVENE AN EXTRAORDINARY
SESSION OF THE GENERAL CONFERENCE, THE AUTHORITY OF
THE BOARD TO APPROVE PROVISIONALLY SUPPLEMENTARY
ESTIMATES SHOULD BE INCREASED FROM 2.5 TO 5.

THE WORKING GROUP ACCORDINGLY ON THE ABOVE ASSUMPTIONS
RECOMMENDS THAT THE BUDGET CEILING SHOULD BE
\$169,992,000. AT F.4.80 TO THE DOLLAR THIS IMPLIES A
REDUCTION OF \$4.4 MILLION IN THE DIRECTOR-GENERAL'S PRO-
POSALS IN 18 C/5.

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THE WORKING GROUP SUGGESTS THAT THESE REDUCTIONS COULD
BE FOUND ALONG THE FOLLOWING GUIDELINES:

(A) REDUCTIONS SHOULD BE EFFECTED AS FAR AS
POSSIBLE IN AREAS OUTSIDE THE PROGRAMME, IN SUCH A
WAY THAT THE PROGRAMME IS AFFECTED AS LITTLE AS
POSSIBLE;

(B) REDUCTIONS IN THE PROGRAMME SHOULD BE DONE IN
SUCH A WAY THAT PROJECTS FOR DEVELOPING COUNTRIES
ARE LEAST AFFECTED, AND SHOULD AS FAR AS POSSIBLE
REPRESENT DELAYS AND POSTPONEMENTS RATHER THAN
TOTAL ELIMINATION OF PROGRAMME ELEMENTS DURING THE
BIENNIUM.

FOLLOW-UP ACTION AT THIS SESSION: THE EXECUTIVE BOARD
WILL BE REQUIRED TO TAKE A NUMBER OF ADDITIONAL DE-
CISIONS:

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USIA-15 AF-10 ARA-16 EA-11 NEA-14 RSC-01 ABF-01 IOE-00

SP-03 AID-05 EB-12 NSC-07 CIEP-03 TRSE-00 SS-20

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A. IN THE FIRST PLACE A RESOLUTION WILL HAVE TO BE ADOPTED BY THE BOARD AND FORWARDED TO THE GENERAL CONFERENCE, AS AN ADDENDUM TO 18 C/6, RECOMMENDING THAT A BUDGET CEILING OF \$169,992,000 AT THE RATE OF F.4.80/\$ BE ADOPTED BY THE CONFERENCE.

B. THIS RESOLUTION SHOULD ALSO RECOMMEND THAT FINANCIAL REGULATION 3.9 BE AMENDED TO INCREASE THE AUTHORITY OF THE EXECUTIVE BOARD TO PROVISIONALLY APPROVE SUPPLEMENTARY ESTIMATES UP TO A FIGURE OF 5.

C. IN THE RESOLUTION, THE BOARD WOULD ALSO DEFINE THE GUIDELINES FOR REDUCTIONS FOR CONSIDERATION BY THE GENERAL CONFERENCE. THESE REDUCTIONS COULD THEN BE MADE PROPORTIONALLY BY THE VARIOUS COMMISSIONS OF THE GENERAL CONFERENCE UNDER THE CO-ORDINATION OF COMMISSION V FOR PROGRAMME ASPECTS AND BY THE ADMINISTRATIVE COMMISSION ON MEASURES WITHIN ITS PURVIEW. IT IS ASSUMED THAT THE DIRECTOR-GENERAL AND HIS COLLEAGUES WILL PROVIDE DATA ON UNCLASSIFIED

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THE BASIS OF THE CRITERIA ADOPTED THEREFOR IN ORDER TO

FACILITATE THE WORK OF THE GENERAL CONFERENCE AND ITS COMMISSIONS IN THEIR DISCUSSIONS OF THIS MATTER.

THE EXECUTIVE BOARD MAY WISH TO ADOPT A DRAFT RESOLUTION ALONG THE FOLLOWING LINES:

"THE EXECUTIVE BOARD,

1. RECALLING 94 EX/DECISIONS 5.1, D-I-8, WHEREBY IT DECIDED TO DEFER ITS FINAL RECOMMENDATION ON THE BUDGET PROVISIONS FOR 1975-1976 UNTIL ITS 95TH SESSION,

2. TAKING NOTE OF DOCUMENTS 18 C/5 REV. 1 AND 2,

3. HAVING EXAMINED THE REPORT OF ITS WORKING GROUP (DOCUMENT 95 EX/38),

4. RECOGNIZING THAT THE MONETARY AND ECONOMIC CRISIS HAS DEEPENED SINCE THE PREPARATION OF DOCUMENT 18 C/5,

5. CONSCIOUS THEREFORE OF THE NEED TO BALANCE THE WISHES OF THE GENERAL CONFERENCE ON A REAL GROWTH RATE WITH THE CONSEQUENCES OF THE MONETARY AND ECONOMIC CRISES,

6. CONSIDERING THAT IT IS NECESSARY TO MAKE A RECOMMENDATION WHICH CAN COMMAND THE WIDEST POSSIBLE CONSENSUS

ON THE BUDGET CEILING AT THE GENERAL CONFERENCE,

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7. RECALLING ITS RECOMMENDATIONS TO THE GENERAL CONFERENCE IN DOCUMENT 18 C/6 FOR THE ADDITION OF \$867,000 TO THE BUDGET CEILING TO PROVIDE INTER ALIA FOR THE ACCELERATED USE OF THE ARABIC AND CHINESE LANGUAGES,

8. RECOMMENDS TO THE GENERAL CONFERENCE TO ADOPT A TOTAL BUDGET CEILING FOR 1975-1976 OF \$169,992,000, REPRESENTING A REAL GROWTH RATE OF 3 OVER 1973-1974,

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9. TAKING NOTE THAT THIS BUDGET CEILING REQUIRES A REDUCTION OF \$4.4 MILLION IN THE DIRECTOR-GENERAL'S BUDGET PRESENTED IN DOCUMENT 18 C/5 REV. 2,

10. RECOMMENDS TO THE GENERAL CONFERENCE TO REDUCE THE BUDGET PROVISIONS OF DOCUMENT 18 C/5 ON THE BASIS OF THE FOLLOWING BROAD GUIDELINES:

- (A) REDUCTIONS SHOULD BE MADE AS FAR AS POSSIBLE IN AREAS OUTSIDE THE PROGRAMME, IN SUCH A WAY THAT THE PROGRAMME IS AFFECTED AS LITTLE AS POSSIBLE;
- (C) (SIC) REDUCTIONS IN THE PROGRAMME SHOULD BE DONE INSUCH A WAY THAT PROJECTS FOR DEVELOPING COUNTRIES ARE LEAST AFFECTED, AND SHOULD AS FAR AS POSSIBLE REPRESENT DELAYS AND POSTPONEMENTS RATHER THAN TOTAL ELIMINATION OF PROGRAMME ELEMENTS DURING THE BIENNium.

III

11. MINDFUL OF THE NEED TO PROTECT THE BUDGET AND PROGRAMME FROM ABNORMAL VARIATIONS IN EXCHANGE RATES AND INFLATION RATES, AND TO MINIMIZE THE POSSIBLE REED

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TO CONVENE AN EXTRAORDINARY SESSION OF THE GENERAL
CONFERENCE,

12. RECOMMENDS TO THE GENERAL CONFERENCE TO AMEND
FINANCIAL REGULATION 3.9 AS FOLLOWS:

"SUPPLEMENTARY ESTIMATES TO A TOTAL OF 5 PER CENT
OF THE APPROPRIATION FOR THE FINANCIAL PERIOD MAY BE
APPROVED PROVISIONALLY BY THE EXECUTIVE BOARD, AFTER IT
IS SATISFIED THAT ALL POSSIBILITIES OF SAVINGS AND OF
TRANSFERS WITHIN PARTS I TO VI OF THE BUDGET HAVE BEEN
EXHAUSTED, AND SHALL BE REPORTED TO THE GENERAL CON-
FERENCE FOR FINAL APPROVAL. SUPPLEMENTARY ESTIMATES IN
EXCESS OF 5 PER CENT OF THE APPROPRIATIONS FOR THE
FINANCIAL PERIOD SHALL BE REVIEWED BY THE EXECUTIVE
BOARD AND SUBMITTED TO THE GENERAL CONFERENCE WITH SUCH
RECOMMENDATIONS AS THE BOARD MAY CONSIDER DESIRABLE."

2. POLL GENEVA GROUP SHOWS ABSTENTIONS FROM: FRANCE,
FEDERAL REPUBLIC GERMANY, ITALY; YES, UK, CANADA,
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BELGIUM, HOLLAND, JAPAN; NO, USA; SWEDEN, NO INSTRUC-
TIONS, PROBABLY YES.

3. VOTE WILL BE TUESDAY AFTERNOON, OCTOBER 8TH.

4. DG, ACCOMPANIED BY FOBES AND M'BOW ATTENDED FINAL

MEETINGS WORKING GROUP AND AGREED ACCEPT AND SUPPORT
REPORT AND DR.
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